

Our Next Circuit Judge.



W. R. Lay.

Mr. W. R. Lay, Barboursville, Ky.

Dear Sir:

I have heard the most of the voters in this precinct talk about your race, and I feel certain that you will practically sweep this precinct clean.

The boys here say that they have seen you tried and know that you are alright, and they are going to be for you.

Very truly,

Green Messer, Precinct Chairman

Dewit, Ky. June 4, 1917

Mr. W. R. Lay, Barboursville, Ky.

Dear Sir:

Answering your enquiring as to how this precinct will vote in the Circuit Judge's race, will say that I have talked to and heard most of the voters express themselves, and I feel certain that you will receive a very large majority of the votes here. Wishing you success in your race I am. Very truly,

Adv. Eli Bowlin, Republican Precinct Chairman.

Local Briefs.

Just across the square for a bite or a fountain drink. Cole & Miles Restaurant.

Mrs. W. M. Jones of Russell is visiting homefolks this week.

Miss Ethel Jones of Russell is visiting friends and relatives at this place this week.

Ye Editor had business in Harland this week, going to start something up there.

If you appreciate courtesy service and quality, drop in at Cole & Miles' Restaurant.

Miss Grace Sawyers of St. Petersburg, Fla., arrived last Thursday and will spend several weeks in our city.

Misses Mary and Sarah Gilbert of Pineville, are visiting at the home of Miss Nell Faulkner this week.

Miss Maud Detherage returned home last Sunday after spending the week with Miss Nelle Faulkner.

Mr. F. Lynn Brown of Winchester, Ky., was here this week he is interested in the Oil business.

Dr. S. H. Howland and wife of North Carolina are visiting the Dr's father, Mr. F. F. Rowland, of Fount, Ky., this week.

W. H. Faulkner is attending a meeting of the Underwriters of Philadelphia, Pa., this week in Philadelphia.

Rev. E. R. Overly will fill the pulpit at the First M. E. Church next Sunday, morning and evening; Rev. Anderson is engaged in a protracted meeting at Wilton this week.

The Herndon Drug Co. has just installed one of the very latest designed and up-to-date Soda Fountains ever put in the city, they want you to come in and examine it.

Miss Minnie Clarkson spent the weeks end in Corbin.

Mr. L. H. Jarvis, of Cincinnati, Ohio, is here this week looking over the game.

Miss Loreto Farmer who has been attending school at Cincinnati, Ohio, came home this week to spend her vacation.

Tom Gregory came home from Louisville Wednesday morning where he has been attending Dental college, he has one more year and then he will be a real "Doc"

On June 15th, and 16th, any hat in our store at half price. We have some beautiful White and Black midsummer hats.

Misses M. & S. Clarkson,

Last Tuesday Mr. W. H. Grace, one of Knox County's good citizens was in to see us, he is a candidate for the republican nomination for Justice of the Peace in the 6th. District. We have known Mr. Grace for many years, and we have always found him to be an honest, discrete and sober gentleman. If the people of his district only knew him as his old friends and acquaintances have known him he would win in a walk.

Last Tuesday Mr. M. D. Hubbard, of Artemus was in to see us he is a candidate for the Republican nomination for the office of Justices of the Peace of the second District, and believe us "Pal" he is making some race, he is wide awake and on the job, there to stay. The Commissioners give him his certificate entitling him to have his name placed upon the official Ballot at the November Election.

MILLINERY SALE.

Friday and Saturday June 15, and 16th, as we are going to close our store during the month of July, and will reopen Aug. 1st, with a full line of fall and winter goods

HOW SHALL WE PAY FOR THE WAR?

A Constructive Criticism on the House Revenue Bill.

LOANS BETTER THAN TAXES

Five Reasons Why Excessive Taxes at the Outset of War Are Disadvantageous—Great Britain Example Worthy of Emulation—How the Taxes Should Be Apportioned.

By EDWIN R. A. SELIGMAN, McVickar Professor of Political Economy, Columbia University.

On May 23, 1917, the House of Representatives passed an act "to provide revenue to defray war expenses and for other purposes." In the original bill as presented by the Committee of Ways and Means, the additional revenue to be derived was estimated at \$1,810,420,000. The amendment to the income tax, which was tacked on to the bill during the discussion in the House, was expected to yield another \$40,000,000 or \$50,000,000.

In discussing the House bill, two problems arise:

I. How much should be raised by taxation?

II. In what manner should this sum be raised?

I. How Much Should Be Raised by Taxation?

How was the figure of \$1,800,000,000 arrived at? The answer is simple. When the Secretary of the Treasury came to estimate the additional war expenses for the year 1917-18, he calculated that they would amount to some \$1,600,000,000, of which \$3,000,000,000 was to be allotted to the allies, and \$3,000,000,000 was to be utilized for the domestic purposes. Thinking that it would be a fair proposition to divide this latter sum between loans and taxes, he concluded that the amount to be raised by taxes was \$1,800,000,000.

There are two extreme theories, each of which may be dismissed with scant courtesy. The one is that all war expenditures should be defrayed by loans, and the other is that all war expenditures should be defrayed by taxes. Each theory is untenable.

It is indeed true that the burdens of the war should be borne by the present rather than the future generation; but this does not mean that they should be borne by this year's taxation.

Meeting all war expenses by taxation makes the taxpayers in one or two years bear the burden of benefits that ought to be distributed at least over a decade within the same generation.

In the second place, when expenditures approach the gigantic sums of present-day warfare, the tax-only policy would require more than the total surplus of social income. Were this absolutely necessary, the ensuing havoc in the economic life of the community would have to be endured. But where the disasters are so great and at the same time so unnecessary, the tax-only policy may be declared impracticable.

Secretary McAdoo had the right instinct and highly commendable courage in deciding that a substantial portion, at least, of the revenues should be derived from taxation. But when he hit upon the plan of 50-50 per cent., that is, of raising one-half of all domestic war expenditures by taxes, the question arises whether he did not go too far.

The relative proportion of loans to taxes is after all a purely business proposition. Not to rely to a large extent on loans at the outset of a war is a mistake.

Disadvantages of Excessive Taxes.

The disadvantages of excessive taxes at the outset of the war are as follows:

1. Excessive taxes on consumption will cause popular resentment.

2. Excessive taxes on industry will disarrange business, damp enthusiasm and restrict the spirit of enterprise at the very time when the opposite is needed.

3. Excessive taxes on incomes will deplete the surplus available for investments and interfere with the placing of the enormous loans which will be necessary in any event.

4. Excessive taxes on wealth will cause a serious diminution of the incomes which are at present largely drawn upon for the support of educational and philanthropic enterprises. Moreover, these sources of support would be dried up precisely at the time when the need would be greatest.

5. Excessive taxation at the outset of the war will reduce the elasticity available for the increasing demands that are soon to come.

Great Britain's Policy.

Take Great Britain as an example. During the first year of the war she increased taxes only slightly, in order to keep industries going at top notch. During the second year she raised by new taxes only 9 per cent. of her war expenditures. During the third year she levied by additional taxes (over and above the pre-war level) only slightly more than 17 per cent. of her war expenses.

If we should attempt to do as much in the first year of the war as Great Britain did in the third year it would suffice to raise by taxation \$1,250,000,000. If, in order to be absolutely on the safe side, it seemed advisable to increase the sum to \$1,500,000,000, this should, in our opinion, be the maximum.

In considering the apportionment of the extraordinary burden of taxes in war times certain scientific principles are definitely established:

How Taxes Should Be Apportioned.

(1) The burden of taxes must be spread as far as possible over the whole community so as to cause each individual to share in the sacrifices according to his ability to pay and according to his share in the Government.

(2) Taxes on consumption, which are necessarily borne by the community at large, should be imposed as far as possible on articles of quasi-luxury rather than on those of necessity.

(3) Excises should be imposed as far as possible upon commodities in the hands of the final consumer rather than upon the articles which serve primarily as raw material for further production.

(4) Taxes upon business should be imposed as far as possible upon net earnings rather than upon gross receipts or capital invested.

(5) Taxes upon income which will necessarily be severe should be both differentiated and graduated. That is, there should be a distinction between earned and unearned incomes and there should be a higher rate upon the larger incomes. It is essential, however, not to make the income rate so excessive as to lead to evasion, administrative difficulties, or to the more fundamental objections which have been urged above.

(6) The excess profits which are due to the war constitute the most obvious and reasonable source of revenue during war times. But the principle upon which these war-profit taxes are laid must be equitable in theory and easily calculable in practice.

The Proposed Income Tax.

The additional income tax as passed by the House runs up to a rate of 60 per cent. This is a sum unheard of in the history of civilized society. It must be remembered that it was only after the first year of the war that Great Britain increased her income tax to the maximum of 34 per cent., and that even now in the fourth year of the war the income tax does not exceed 42½ per cent.

It could easily be shown that a tax with rates on moderate incomes substantially less than in Great Britain, and on the larger incomes about as high, would yield only slightly less than the \$532,000,000 originally estimated in the House bill.

It is to be hoped that the Senate will reduce the total rate on the highest incomes to 34 per cent., or at most to 40 per cent., and that at the same time it will reduce the rate on the smaller incomes derived from personal or professional earnings.

If the war continues we shall have to depend more and more upon the income tax. By imposing excessive rates now we are not only endangering the future, but are inviting all manner of difficulties which even Great Britain has been able to escape.

Conclusion.

The House bill contains other fundamental defects which may be summed up as follows:

(1) It pursues an erroneous principle in imposing retroactive taxes.

(2) It selects an unjust and unworkable criterion for the excess-profits tax.

(3) It proceeds to an unheard-of height in the income tax.

(4) It imposes unwarranted burdens upon the consumption of the community.

(5) It is calculated to throw business into confusion by levying taxes on gross receipts instead of upon commodities.

(6) It fails to make a proper use of stamp taxes.

(7) It follows an unsound system in its flat rate on imports.

(8) It includes a multiplicity of petty and unbalanced taxes, the vexatiousness of which is out of all proportion to the revenue they produce.

The fundamental lines on which the House bill should be modified are summed up herewith:

(1) The amount of new taxation should be limited to \$1,250,000,000—or at the outset to \$1,500,000,000. To do more than this would be as unwise as it is unnecessary. To do even this would be to do more than has ever been done by any civilized Government in time of stress.

(2) The excess-profits tax based upon a sound system ought to yield about \$500,000,000.

(3) The income-tax schedule ought to be revised with a lowering of the rates on earned incomes below \$10,000, and with an analogous lowering of the rates on the higher incomes, so as not to exceed 34 per cent. A careful calculation shows that an income tax of this kind would yield some \$450,000,000 additional.

(4) The tax on whisky and tobacco ought to remain approximately as it is, with a yield of about \$230,000,000.

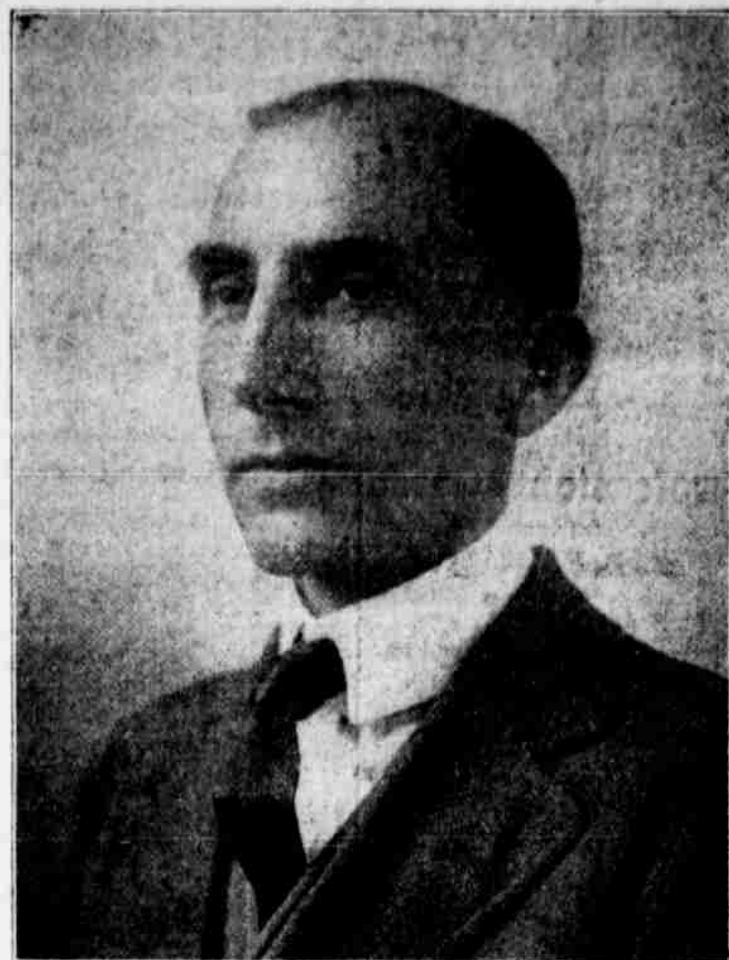
These three taxes, together with the stamp tax at even the low rate of the House bill, and with an improved automobile tax, will yield over \$1,250,000,000, which is the amount of money thought desirable.

The above program would be in harmony with an approved scientific system. It will do away with almost all of the complaints that are being urged against the present. It will refrain from taxing the consumption of the poor.

It will throw a far heavier burden upon the rich, but will not go to the extremes of confiscation. It will obviate interference with business and will keep unimpaired the social productivity of the community.

It will establish a just balance between loans and taxes and will not succumb to the danger of approaching either the tax-only policy or the loan-only policy. Above all, it will keep an undisturbed elastic margin, which must be more and more heavily drawn upon as the war proceeds.

Letters to the Advocate.



J. Fred Catron.

Warren Ky., May 23, 1917

Editor Advocate

Barboursville Ky.

Dear sir:

I am for J. F. Catron for Circuit Judge, and I believe that our people here are all for him and believe he is the man they should be for.

Yours truly,

D. L. Alford.

Barboursville Ky., June 11, 1917.

Editor Advocate.

Dear sir:

Every Republican should consider carefully before he votes and if he considers carefully he will do just what I am doing and support J. F. Catron for Circuit Judge.

Yours truly,

Walter Jackson.

Barboursville Ky. June 11, 1917.

Editor Advocate.

Dear sir:

I want to assign myself as a supporter of J. F. Catron for Circuit Judge. I regard him as the only Republican candidate.

Yours truly,

Jessie Gibson

Baileys Switch, Ky., May 23 1917.

Editor Advocate.

Barboursville Ky.

Dear sir:

I write you to say that I am for Catron for Judge of the Circuit

court he is unquestionably the best qualified man that is running and is the only true blue Republican.

Yours truly,

Jess Fisher.

Himyar Ky., June 10, 1917

Editor Advocate.

Barboursville Ky.

Dear sir:

The expressions of the people here is sufficient to convince any man of the unanimous support given to Mr. J. Fred Catron by the voters of Knox county for the office of Circuit Judge. Mr. Catron is an honorable man and worthy the support of any man. His private and political life is clean and his honor and integrity above reproach, as a lawyer his ability is unquestioned, he will make a good Judge, able, conservative and just.

Yours truly,

C. L. Warren.

Barboursville Ky. June 9, 1917.

Editor Advocate.

Dear sir:

We are writing you to say to you and the people of this district that the people here are for Fred Catron for their Circuit Judge.

Yours truly,

W. M. Smith.

Jessie Gibson

Advertisement.

Commissioner of Motor Vehicles, Frankfort

June 12, 1917

The Mountain Advocate,

Barboursville

Gentlemen:

We would like to inform the motoring public of Barboursville that Mr. Jas. W. Ross Chairman of Chauffeurs Examiners, and the writer will be in your city on June 22nd, one day only, for the purpose of issuing license to such Chauffeurs as may not have licenses and re-

newals to those who were licensed last year.

This is pursuant to Sections 19 and 20 of Chapter 69 of the Acts of 1914.

This law does not require the department to send men to your City but it is so far to ask the Chauffeurs of the mountain section to come to Louisville or Lexington that we feel that it is due you to come to the mountains.

Very Truly yours,

H. L. Ramsey,

Deputy Commissioner

Dr. B. L. Wilson

Veterinarian and Surgeon

OFFICE

Tye Livery Barn

Prompt Attention Given

To All Calls.